

BONDED DEBT

Municipalities in New Mexico have two principal sources for borrowing funds to generate revenues for municipal improvements.

1. General Obligation Bonds

General obligation bonds pledge the full faith and credit of the municipality and are paid through assessment of property taxes. Property tax is based, as determined by the County Assessor, on an assessed valuation which is one-third of full market value. Both real and personal property are subject to taxation. The City of Santa Fe enjoys one of the lowest property tax rates in the state of New Mexico as illustrated in the following table:

TEN LARGEST CITIES IN NEW MEXICO

CITY	2003	2003	*TOTAL TAX RATES	
	ESTIMATED POPULATION	ASSESSED VALUATION	RESIDENTIAL	NON-RESIDENTIAL
Alamogordo	35,551	\$ 305,383,264	\$ 27.684	\$ 34.934
Albuquerque	471,856	7,857,028,574	35.455	44.843
Carlsbad	25,303	237,203,287	20.512	22.144
Clovis	32,815	281,164,428	25.939	25.939
Farmington	41,420	598,741,206	22.719	26.313
Hobbs	28,311	240,624,543	27.312	30.148
Las Cruces	76,990	1,095,583,989	26.987	31.712
Rio Rancho	58,981	858,249,709	29.349	32.180
Roswell	44,228	390,083,077	28.325	32.149
SANTA FE	66,476	2,222,507,281	18.812	25.428

* Per \$1,000 of assessed valuation

Note: Population estimates from U.S. Census Bureau, released June 2004

All general obligation bond issues must be decided by referendum and approval of the voters. The city's current estimated general obligation allowable bond capacity is computed as follows:

Assessed Valuation (2002)	\$ 2,222,507,281
Debt Percentage	_____ .04
Debt Limit	88,900,291
Less: Outstanding General Obligation Bonds	_____ -0-
General Obligation Debt Capacity	\$ 88,900,291

General obligation bond issues related to water and sewer projects have an unlimited capacity.

The City of Santa Fe retired its last general obligation bond debt on July 1, 1989. The city has not issued general obligation bonds since 1980. This occurred because the city shifted its bonded indebtedness to gross receipts tax revenue bonds beginning in 1982; however, general obligation debt capacity remains a substantial untapped resource for future capital and infrastructure needs.

2. Revenue Bonds

Revenue bonds pledge specific recurring revenue sources of the municipality, most commonly the city's gross receipts tax. Revenue bond issues are enacted by action of the Governing Body and do not require voter approval.

3. Industrial Revenue Bonds

In addition to these resources, cities are also authorized to issue industrial revenue bonds. Industrial revenue bonds are tax exempt bonds issued by a municipality but do not pledge any city revenue or the full faith and credit of the municipality. All liability for repayment of these bonds is the exclusive responsibility of the private project applicant. In determining the desirability of an industrial revenue bond project, the city considers three elements:

- 1) Project land use, plan and design elements,
- 2) Community economic benefits, and
- 3) Project feasibility

The city has a number of these conduit bonds; however, they do not affect the financial resources or budget of the city.

BOND ISSUES—ENTERPRISE FUND BONDS

1. Bonds Payable from Enterprise Funds

- a. The Refuse Disposal System Improvement Net Revenue Bonds, Series January 1, 1996, issue amount \$730,000; Series September 1, 1996, issue amount \$2,375,000; and Series April 1, 1998, issue amount \$2,740,000, were for the purpose of funding equipment purchases for the city's refuse disposal system. These bonds are to be paid solely from the net revenues derived from the operations of the refuse disposal system.
- b. The Water Revenue Bonds, Series December 1, 1995, issue amount \$77,940,000, were for the purpose of refinancing the initial water revenue bonds providing funds for acquiring, maintaining and equipping or otherwise improving the city's water system, funding capitalized interest and a reserve fund, and paying certain costs of issuance. Principal and interest are payable from net water revenues, which consist of all income and revenue directly or indirectly derived from the operating and use of the water system, less operating and maintenance expenses. The refinancing was initiated to restructure the bonds to shorten the term, reduce interest costs and release the reserve fund.

GROSS RECEIPTS & TAX REVENUE BONDS

1. Gross Receipts Tax Revenue Bonds
 - a. Subordinate Lien Gross Receipts Tax Bond Issues, Series November 15, 1995A, issue amount \$7,155,000; and Series November 15, 1995B, issue amount \$7,160,000 – This issue was to secure funds for the acquisition of city land known as the railyard property.
 - b. Gross Receipts Tax Refunding Revenue Bond Issue, Series September 15, 1996A issue amount \$20,910,000; and Series September 15, 1996B, issue amount \$19,080,000 – These issues were to secure funds for the purpose of refunding the city's Gross Receipts Tax Revenue Bonds, Series July 1, 1994, and the loan agreement dated July 1, 1995 between the city and the New Mexico Finance Authority.
 - c. Gross Receipts Tax Improvement Revenue Bond, Series 2002, issue amount \$17,995,000, was for the purpose of capital improvement projects relating to the City's public utilities, public works, and parks and recreation services.
 - d. Municipal Recreation Complex/Gross Receipts Tax Revenue Bond Issue, Series September 15, 1996, issue amount \$13,295,000 – This issue was to secure funds for the construction of the Municipal Recreation Complex.
 - e. Gross Receipts Tax Refunding and Improvement Revenue Bond Issue, Series 1997A, issue amount \$22,000,000 – This issue was to secure funds for the purpose of refunding, refinancing, discharging and paying off that portion of the city's Gross Receipts Tax Refunding and Improvement Revenue Bonds, Series January 15, 1994, maturing in 1999, 2000, 2001 and 2002 and providing funds for city projects.
 - f. Gross Receipts Tax (Subordinate Lien) Wastewater System Variable Rate Revenue Bond Issue, Series 1997B, issue amount \$20,800,000 – This issue was to secure funds for the purpose of improving the wastewater plant and the sewer line collection system.
 - g. Gross Receipts Tax Improvement Revenue Bonds, Series 1999, issue amount \$18,500,000 – This issue was to secure funds for city projects.